

# BUSINESS & Technology

## Small guys doing well in Web sales

Niche businesses strike a chord in cyberspace, putting them on equal footing with larger merchants

By Roy Bragg  
EXPRESS-NEWS TECHNOLOGY WRITER

Few people will buy a Buick over the Internet, but plenty will shell out a few bucks for gnarly, discolored, fake buckteeth.

This is the enigma of e-commerce. Nearly every economic pundit and business analyst envisioned the Internet as a virtual free trade zone, where sales would skyrocket and costs would plummet.

It was the way of the future.  
It was the New Economy.  
It didn't happen.

While the Big Guys are failing, a global flea market of niche businesses has sprung up, mom-and-pop operations selling everything from unusual pasta and first edition books to the novelty teeth being peddled successfully by two Texas Web merchants.

For the Texas tooth peddlers, the Web's been a godsend, putting them on equal footing with billion-dollar retailers.

"The reason why small guys are doing as well or better than corporations on the Web is because there's virtually no cost involved in advertising and being on the Web," said Phil Rockett, who with wife Stephanie runs Bubba Products (www.bubba-teeth.com) out of a ranch near Brownwood. For an initial investment of under \$1,000 and monthly costs of under \$100, anyone can run a viable commercial Web site, even if they're selling hillbilly teeth, apparently.

Rockett, who sells the custom-fitted novelties to area retailers, says 30 percent of his 75,000 units sold have come from Web transactions, which are more profitable because they're at retail prices.

"We're every parent's nightmare," Rockett said. "We sell crap."

Eric Cracraft, a pharmaceutical sales representative by day, says his Web site Billy Bob Teeth Warehouse (www.getbubbateeth.com) makes his product, not normally a popular product or a big seller, as ubiquitous as the personal computer.

"It's such a niche product that a lot of the retail stores don't have it right now," says Cracraft of San Antonio, who runs his Web site with wife Christy. "That's one of the reasons for our success."

Cracraft says the hundred or so teeth sets he sells a week have made his Web business profitable in its first year.

"We aren't getting rich, but we're doing well," he said.

The Web, as it has shaken out so far, has been a global equalizing force, says Steven Shepard, a telecommunications consultant.

Geopolitically, the Web and new communications networks allow developing nations to overcome centuries without infrastructure and quickly come up to par with industrial nations, he said.

Commercially, it's put the hillbilly teeth — products with names such as Bubba Teeth and Billy Bob Teeth — in markets that would have no reason to experience the awe and disgust of humorously twisted incisors. Think Japan, Scotland, France and Switzerland.

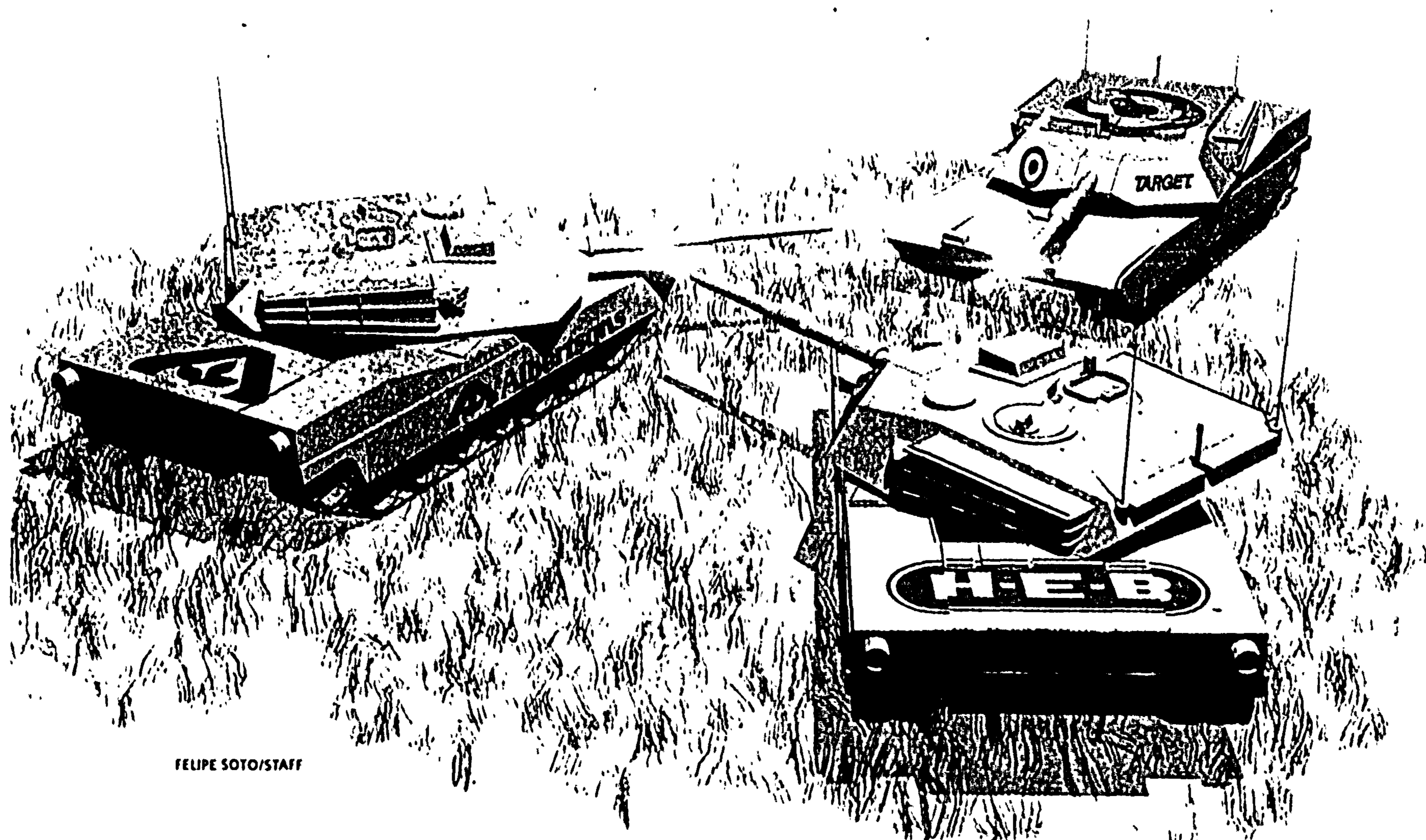
"In the United States, what we're seeing is the development of whole new markets, where people are suddenly discovering they don't have to be a monstrous company in order to sell their product," says Shepard. "They can be as small as they have to be and still have global presence."

How much of a presence? Consider that the

See INTERNET/3K



Gnarly teeth are big sellers on the Web.



TELUPE SOTO/STAFF

## Grocery wars

It's going to be a wild ride for grocery shoppers as national heavyweights prepare for fierce battle in San Antonio.

By Elizabeth Allen  
EXPRESS-NEWS BUSINESS WRITER

The demise of small grocers at the hands of retailing giants such as Wal-Mart and H-E-B Grocery Co. is a familiar tale, but now San Antonio is becoming a battleground for the behemoths.

National grocery chains with tankloads of capital are seizing fertile retail ground, mostly at high-growth intersections along the city's Loop 1604 corridor. That includes H-E-B Grocery Co., Wal-Mart Supercenters, SuperTargets, Albertsons, Costco, and possibly Sam's Clubs.

"This is not going to be a gentleman's competition by any means," said Cale Hahn, research director for real estate brokerage Weitzman Group. "The stakes are too high for it to be any other way than just a street brawl."

Or a civil war. It has all the elements: the heavy machinery of bulk-buying and discount pricing; the refined sniper precision of ethnic foods and gourmet coffees; the luring away of one another's best employees. And spies.

In the last days before the opening of the city's first SuperTarget, meat manager George Ponce hurried to store manager Karen Marciniak and announced that the store must fine-tune its meat selection.

The company "field merchant" had just returned from a reconnaissance mission at the neighboring H-E-B with the directive that the SuperTarget add tripe and marinated meats to its selection, Ponce said. Marciniak nodded calmly and Ponce turned and headed back to the meat section.

The SuperTarget was putting its people through their paces. Of the rank and file, about 85 percent were new employees, and 15 percent were transfers, Marciniak estimated. The ratios flip at the management level, she said.

Many of the newbies were lured to SuperTarget from competing employers. Bakery assistant team leader Nancy Mancha left her job at Albertsons after answering a

newspaper ad. Bakery team leader Gary Rice said he was actively recruited from H-E-B.

They'll be fighting over more than good employees.

With the big discounters entering the grocery market in greater numbers, nearby grocers will feel the biggest bite from their customer base, predicted Chuck Gilmer, editor of industry publication the Shelby Report. But everyone will get nibbled, he said.

"Generally, a lot of people take a little bit of pain; it's the way it usually goes," Gilmer said.

There's going to be plenty of pain to pass around.

### A very wicked business

Wal-Mart is aggressively expanding its "Supercenter" concept, incorporating groceries into 200,000-square-foot behemoths and adding at least five to the San Antonio market. They have one at Culebra Road and Loop 1604; will build one

on Rigby Avenue and have confirmed three expansions of existing stores.

Target is building its two Loop 1604 SuperTargets; Albertsons is said to be planning two more stores; Costco is looking for sites for its upscale competitor to Wal-Mart's Sam's Clubs, and in response to that, "You're bound to have one or two more Sam's," real estate broker Tom Rohde said.

"This is a very wicked business," said Rohde, who often works with grocery retailers. "You've got to match the competition every time they make a move."

Adding fuel to the competitive fire is the fact that grocery profit margins are razor-thin.

"They're generally 1 or 2 percent after all is said and done," said Gilmer. "That's why volume is so important, and that's also where Wal-Mart has an edge because of its vast array of nonfood products that generally have a larger profit margin."

So why are these massive discounters getting into the grocery game so enthusiastically?

"It's a bazillion-dollar business; that's why we want to be in it," Costco chairman Jeffrey Brotman

said. While similar to Sam's in concept, Costco offers a more high-brow selection that includes gourmet foods, crystal and diamonds.

Attacking a different side of the market, Kmart has already expanded almost all its 2,100-plus stores to include some type of grocery format. Target will open 32 SuperTargets this year, more than doubling its current number. Wal-Mart is creating Supercenters as fast as it can, with plans to add up to 180 more this year, mostly conversions of existing stores.

The motivation is clear. Wal-Mart's supercenter sales beat those of its regular format discount stores, when the discount stores outnumbered the supercenters by more than 2 to 1, Gilmer said.

### Battle lines

Retail observers often call Wal-Mart the most successful retailer in the world in one breath, and laud H-E-B's prowess as a grocer in the next.

H-E-B, the second-largest privately owned grocery company in the country, has been battling Al-

See GROCERY/6K



Super Target employee Alejandro Alex (right) talks with Borden's Chaz Giese. The Super Target has its grand opening today with a grocery store with 32 checkout registers.

BERRY LARA/STAFF